

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1203 - HB 1529

March 17, 2021

SUMMARY OF ORIGINAL BILL: Authorizes the city of Jacksboro in Campbell County to levy a privilege tax up to two percent of the payments charged at restaurants with total sales of \$200,000 or more a year. Exempts food served at churches, senior citizen centers, nursing homes, and boarding houses where the cost of food is included in the rental rate or sale of alcoholic beverages in any form, manner, time or place. Requires all proceeds from the privilege tax levied to be used for the payment of debt incurred by the city for capital outlay purposes. Repeals this authorization on July 1, 2031.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue –

Exceeds \$18,000/FY21-22/Permissive/Jacksboro

Exceeds \$36,000/Each Year FY22-23 through FY30-31/Permissive/Jacksboro

SUMMARY OF AMENDMENT (005192): Deletes and substitutes language such that the only substantive change is to authorize Jellico in Campbell County, rather than Jacksboro to levy such privilege tax.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Revenue - \$34,100/FY21-22/Permissive/City of Jellico

\$68,300/FY22-23 through FY30-31/Permissive/

City of Jellico

Assumptions for the bill as amended:

- It is assumed that the city of Jellico will levy the full two percent tax, and that the FY21-22 impact will be half of the full annual impact, to allow time for the city to pass and levy the tax as described in the proposed legislation.
- According to the Department of Revenue (DOR) there are four restaurants over the \$200,000 gross sales minimum, which generated \$3,413,147 in combined gross sales in FY19-20.

- The total increase in local revenue to the city of Jellico in FY21-22 is estimated to exceed \$34,131 $[(\$3,413,147 \times 2\%) / 2]$ and exceed \$68,263 $(\$3,413,147 \times 2\%)$ in each fiscal year FY22-23 through FY30-31.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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